

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 9, 2025

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education K-16

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1961 by Bettencourt (Relating to the reporting of data relating to postsecondary education and workforce trends by the Texas Higher Education Coordinating Board and the Texas Workforce Commission, to performance tier funding under the public junior college finance program, and to a biennial regional labor demand assessment by the coordinating board.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1961, As Introduced: a positive impact of \$40,838,797 through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	\$19,883,177
2027	\$20,955,620
2028	\$21,028,228
2029	\$21,028,228
2030	\$21,028,228

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	\$19,883,177	22.0
2027	\$20,955,620	17.5
2028	\$21,028,228	16.0
2029	\$21,028,228	16.0
2030	\$21,028,228	16.0

Fiscal Analysis

The bill would establish a methodology to determine a credential of value whose award to a student would earn community college formula funding; require TWC to add additional fields to unemployment tax forms that employers must complete and have the data processed, stored, and checked for data quality; require THECB, in consultation with TWC, to project enhanced labor market projections based on industry and occupation; and require THECB to post postsecondary outcome data on its website.

Methodology

THECB would adopt rules to implement the bill's provisions defining a credential of value. For purposes of this analysis, THECB assumes rules, among others, establishing the statewide self-sustaining wage threshold equaling \$30,000 and decreasing the time period within which an associate degree must lead to a positive return on investment from ten years to five years. To determine credentials that would no longer be eligible for funding, THECB matched credential data from fiscal year 2008 through fiscal year 2023 with nominal wage records collected by the TWC Unemployment Insurance program. Comparing the results of that determination to credentials awarded in fiscal year 2024, THECB found that 6,347 associate degrees awarded would no longer be eligible for funding. Assuming that estimate and the fiscal year 2025 funding rate of \$3,500 remain constant through fiscal year 2030, THECB estimates \$22,214,500 in associated savings each year from 2026 through 2030.

THECB estimates it would require 3.0 additional FTE positions (one Database Administrator IV and two Data Analyst IV) to perform the data requirements of the bill. The estimated cost of salaries, benefits, and other operating costs would be \$316,914 in fiscal year 2026 and \$301,914 in each subsequent fiscal year.

Based on information provided by TWC, this estimate assumes the agency would require 19.0 additional full time equivalents (FTE) positions in fiscal year 2026, 14.5 FTEs in fiscal year 2027 and 13.0 FTEs in fiscal years 2028 through 2030 to implement the provisions of the bill, as follows:

Two Program Specialist IV (\$66,255 per year with estimated benefits of \$18,830) that would only be needed in fiscal year 2026 to modify forms and procedures for enhanced wage reporting. Eight Account Examiner IV (\$61,136 per year with estimated benefits of \$17,659) positions would only be needed in fiscal years 2026 before reducing the examiners to five in fiscal year 2027 and maintaining only two examiners in fiscal years 2028 through 2030 to assist employers in preparing new enhanced wage reporting. A Manager IV (\$91,836 per year with estimated benefits of \$26,100) would be needed to store data and ensure the data is correctly coded by industry and occupation according to current federal standards. Two Research Specialist II (\$58,288 per year with estimated benefits of \$16,565) would be needed to develop an automated program to code submissions data from employers and supervise employees. Two Research and Statistics Technician II (\$46,139 per year with estimated benefits of \$13,113) would be needed for manual coding of submitted data. A Database Administrator IV (\$113,278 per year with estimated benefits of \$32,194) would be needed process data received from the Unemployment Insurance (UI) Tax System and to ensure the data remains in compliance with applicable state and federal laws. Three Economist III (\$80,421 per year with estimated benefits of \$22,856) would be needed to provide an industry projection for workforce development areas and produce occupational projections. An additional 0.5 Programmer V (\$62,303 per year with estimated benefits of \$17,706) would be needed starting in fiscal year 2027 to support and maintain the UI Tax system to collect information from employers. Starting in fiscal year 2028 a full 1.0 Programmer V (\$124,606 per year with estimated benefits of \$35,413), 0.5 System Analyst IV (\$40,211 per year with estimated benefits of \$11,428) and 0.5 System Analyst V (\$45,918 per year with estimated benefits of \$13,050) to continue supporting and maintaining the UI Tax System.

Other associated costs reported by TWC include \$496,989 in fiscal year 2026, \$240,362 in fiscal year 2027 and \$216,523 in fiscal year 2028 for rent, utilities, consumables, payroll contributions, indirect personnel costs and other operating expenses.

The total annual costs for TWC are \$2,648,237 in fiscal year 2026, \$1,560,794 in fiscal year 2027 and \$1,488,186 in each fiscal year from 2028 through 2030 in General Revenue Funds.

Technology

TWC anticipates information technology expenditures of \$501,270 in fiscal year 2026 due to additional elements that will be needed to add to the UI Tax System as required by the bill.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission, 701 Texas Education Agency, 710 Texas A&M University System Administrative and General Offices, 717 Texas Southern University, 719 Texas State Technical College System Administration, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration, 966 Howard College, 978 San Jacinto College

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